Motherson Sumi Wiring India Ltd — FY 2026 Annual Report Analysis

Annual Report Analysis (Standalone)

Investable. Exceptional capital efficiency and a entirely self-funded, debt-free business model outweigh temporary raw material margin compression and trade receivable expansion.

Key findings

- The company achieved a return on capital employed of **39%** and a pre-tax return on net fixed assets of 111.8% due to strong operational productivity across its active plants.
- The company maintains strong liquidity with net debt at **0.15x** EBITDA and interest coverage at 32.46x, which keeps credit risk nominal.
- Capital growth remains completely self-funded, as cumulative five-year operating cash flow of □**2,642 Cr** fully absorbed □784 Cr in capex and supported □1,283 Cr in dividend distributions. (F)
- Operating profit margins deteriorated to a five-year low of **9.2%** because raw material consumption costs reached □7,926 Cr amid lagging customer price pass-through adjustments.
- The company relies heavily on its promoter network, routing □**5,243.4 Cr** of raw material purchases through related parties, which accounts for 66% of its entire material consumption base. (B)
- Trade receivables grew by **51.5%** to □1,884 Cr, outstripping sales growth and expanding outstanding debtor days to a five-year high of 60 days.
- Revenue concentration risks structural volume shocks if either of its top two automobile OEM customers, who generate **57.08%** of total turnover, reduce orders.
- Cash outflows could rise by □**37.44 Cr** if ongoing legal appeals regarding disputed goods and services tax assessments from fiscal year 2018-2019 fail.
- Production capacity is positioned to scale as new greenfield manufacturing facilities in Navagam, Kharkhoda, and Pune expand operational output.
- Revenue per vehicle could compound structurally if automotive manufacturing shifts toward electronic architectures that require advanced wiring harness content.

What to watch

Monitorable	Where it stands now	Level that would change the view
Debtor days	60 days	Above 70 days
EBITDA margin	9.24%	Below 8.0%
Related party trade payables	□1,108 Cr	Above □1,500 Cr
Disputed GST liabilities under appeal	□37.44 Cr	Crystallization of more than □20 Cr in cash outflows
Top two OEM customer revenue share	57.08%	Above 65.0%

1. Business overview

Motherson Sumi Wiring India Limited (MSWIL) is a specialized full-system solutions provider that designs and manufactures automotive wiring harnesses. The company operates as a joint venture between Samvardhana Motherson International Limited (SAMIL) and Sumitomo Wiring Systems (SWS), providing it with both local

manufacturing scale and access to global technological platforms. It serves as a "powertrain-agnostic" supplier, meaning its products are used in internal combustion engines (ICE), electric vehicles (EV), and hybrid platforms across all major Indian automotive segments.

Segment	Revenue (□ Cr)	Share of total	YoY	What drove it
Passenger car market	7,345.66	64%	+23.2%	New programme launches, premiumisation trends, and higher content per vehicle.
Two wheelers	1,377.31	12%	+23.2%	Sustained alignment with customer requirements and new business wins.
Commercial vehicles	1,147.76	10%	+23.2%	Infrastructure activity and healthy freight

Cost base

The company’s cost structure is heavily dominated by materials, which account for 67.5% of total revenue. * **Copper:** This is the primary raw material for wiring harnesses; its cost is linked directly to the London Metal Exchange (LME). While copper prices remained elevated during the year, management utilizes "effective pass-through mechanisms" with customers to mitigate price volatility, albeit with a time lag of one to two quarters. * **Labor:** Employee costs represent 17.2% of revenue. This base is influenced by the company's high headcount (63,000+ people), statutory revisions in minimum wages across various states, and the high manpower requirements associated with ramping up new facilities. * **Vertical Integration:** MSWIL sources critical components like terminals, connectors, and PVC tubes internally from parent Group companies (SAMIL and SWS), which supports supply chain resilience.

Capacity

MSWIL operates 30 facilities across India, strategically located in close proximity to major automotive OEM hubs to ensure "agility, and operational efficiency." The company is currently in a phase of significant capacity expansion to stay ahead of customer requirements: * **Greenfield Projects:** Meaningful progress was made at three major new sites in Navagam (Gujarat), Kharkhoda (Haryana), and Pune (Maharashtra). * **Utilization Strategy:** Management notes that supporting customers "sometimes requires investing ahead of volume," meaning capacity is built based on customer visibility rather than immediate demand. * **Risk Mitigation:** The company establishes a "common database access" across all locations to ensure that production can be shifted between facilities if needed, maintaining uniform manufacturing standards across its Pan-India footprint.

Forward visibility

Forward visibility is high due to the nature of the automotive component business, which involves long product lifecycles and deep integration with OEMs starting from the design stage. * **Order Book:** The company reports a "continued expansion of the order book," though the specific monetary value is not disclosed. This expansion is driven by new programme awards across both hybrid and EV segments. * **Market Trends:** Increased vehicle complexity—such as the adoption of Advanced Driver Assistance Systems (ADAS) and enhanced infotainment—is structurally increasing the "wiring harness content per vehicle," providing a tailwind independent of simple volume growth.

What must stay true

For this business to continue working, MSWIL must remain a "powertrain-agnostic" partner. Management’s strategy is: "We do not try to predict which technologies will prevail, but rather to remain relevant, useful, and ready for our customers as their needs evolve."

The business model relies on the continued strength of its parentage, which management describes as a "differentiated and sustainable competitive advantage." SWS must continue providing "advanced engineering capabilities and strong R&D support," while MSWIL must maintain its "debt-free status" to fund rapid capital expenditure through internal accruals. Finally, the "effective pass-through mechanisms" for copper must remain intact to protect the company from commodity price cycles that are largely outside of its control.

2. Management commentary & outlook

Topic	What they claimed	Their words
Footprint Expansion	The company scaled its network to thirty locations across India to remain close to customer operations.	"This approach has enabled MSWIL to scale to 30 facilities across India through a customer-led expansion strategy that keeps us closely aligned with our customers' facilities."
Total Headcount	The total workforce of the organization exceeds sixty-three thousand people.	"People: 63,000+"
Shareholder Participation	Sustained investor confidence is reflected in a base of more than eight lakh fifty-seven thousand shareholders.	"As on March 31, 2026, the Company had 857,987 shareholders reflecting sustained investor confidence and market participation."
Dividend Policy Threshold	The board follows an established policy that targets standard distributions at forty percent of net profits.	"Distribution of up to 40% of profit"
Research and Development	Total research and development expenditure for the fiscal year reached □47.7 Cr.	"Revenue expenditure: □477 million"
R&D Intensity	Research and development spending represented less than half a percent of total turnover.	"Total R&D expenditure is 0.42% of the turnover"
Shared Corporate Expenses	Reimbursed proportionate common employee-related expenses to promoter entity SAMIL at cost.	"The Company reimbursed/shared with SAMIL its proportionate share of common expenses amounting to □706 million (March 31, 2025: □624 million) at cost."
Shared Operating Expenses	Reimbursed other common logistical and overhead expenses to SAMIL at cost.	"The Company reimbursed/shared with SAMIL its proportionate share of common expenses of □452 million (March 31, 2025: □418 million) at cost."
Corporate Management Fees	Recognized management fees payable to SAMIL that are benchmarked directly against the technical royalty payable to SWS.	"The Company also recognised management fees of □609 million (FY 2024-25: □545 million) payable to SAMIL. The management fee is equivalent to the royalty payable by MSWIL to SWS."
Eligible CSR Spending	Allocated its entire eligible corporate social responsibility budget for the fiscal year across various community initiatives.	"The Company has spent the entire eligible amount i.e. □154 Million for FY 2025-26"
Passenger Vehicle Industry	Indian passenger vehicle manufacturing volume expanded to approximately 5.54 million units.	"Passenger vehicle production increasing to approximately 5.54 million units, reflecting a healthy year-on-year growth of ~9.4%, up from 5.06 million units in the previous fiscal year."
Commercial Vehicle Industry	National commercial vehicle manufacturing output reached approximately 1.17 million units.	"Commercial vehicle production in India is estimated at approximately 1.17 million units in FY2025–26, registering ~13.1% year-on-year growth over 1.03 million units in the previous fiscal year."

The operational commentary exhibits high credibility due to its emphasis on structural alignment and verified commercial frameworks rather than speculative forecasts. A genuine competitive position is evident in the

company's dual parentage, which effectively marries Samvardhana Motherson International Ltd’s (SAMIL) large-scale manufacturing execution capabilities with Sumitomo Wiring Systems’ (SWS) global cutting-edge technology and engineering expertise. Furthermore, management demonstrates real pricing power through established pass-through mechanisms with customers that contractually absorb volatile copper price fluctuations on the London Metal Exchange, albeit with a standard operational lag of one to two quarters.

Operational resilience and long-term business value are supported by several key structural choices: - Vertical integration allows the company to build critical child parts and components in-house, tightly controlling product quality, enhancing field responsiveness, and allowing scalability that outpaces the broader automobile industry. - A strictly powertrain-agnostic strategy ensures the company remains insulated from technology adoption risks, allowing it to supply components equally across internal combustion engines, hybrids, and electric vehicle platforms based entirely on customer demand. - Operational de-risking is embedded via a distributed footprint of 30 facilities across multiple states, supported by quarterly alternate manufacturing trials to ensure seamless production redundancy and continuous business supply lines. - Deep integration with original equipment manufacturers (OEMs) from early vehicle design stages establishes formidable entry barriers and provides exceptional long-term revenue visibility across multi-year platform life cycles.

The relationship with the promoter group requires close ongoing monitoring by long-term shareholders due to substantial cost-sharing arrangements. The company routinely shares central resources with SAMIL for design, procurement engineering, and human resources, reimbursing ₹70.6 Cr for shared employee costs and ₹45.2 Cr for other overheads at cost during the fiscal year. Additionally, it recognized a corporate management fee of ₹60.9 Cr payable to SAMIL, which is explicitly benchmarked as equivalent to the technical royalty paid to its co-parent, SWS. While these transactions are conducted in the ordinary course of business and approved by the audit committee, they highlight the company's structural dependence on its parental ecosystem for core operational execution.

Outlook:

- Demand: Management merely DESCRIBED the demand landscape, identifying general macro tailwinds such as vehicle premiumisation, feature complexity, and electrification without committing to any specific forward numbers or dates.
- Capacity: Management merely DESCRIBED its capacity trajectory, referencing ongoing targeted capital investments and production ramp-ups across Gujarat, Haryana, and Pune without committing to specific numbers or target dates.
- Costs: Management merely DESCRIBED its cost environment, outlining localization initiatives, process automation, and copper pass-through mechanisms without committing to any specific numerical targets or future dates.
- Balance sheet: Management merely DESCRIBED its balance sheet outlook, emphasizing capital discipline and a preference for internal accruals to fund expansion without committing to specific numbers or dates.

Tone

The management commentary relies predominantly on structural descriptions, qualitative adjectives, and broader industry macro tailwinds rather than specific, falsifiable projections. While it outlines robust operational de-risking frameworks and customer alignment strategies, it refrains from offering any hard future targets, timelines, or numerical metrics that can be tested by a reader next year.

3. Financial analysis

3.1 Financial statements

BASIS: STANDALONE. This company publishes no consolidated financial statements; the standalone statements below ARE the company. Do not describe consolidated figures as missing.

P&L statement (□Cr)

Line item	Mar 2026	Mar 2025
Sales	11,478	9,319
Sales Growth %	23.16	11.91
Expenses	10,417	8,323
Material Cost %	67	65
Raw material cost	7,926	6,076
Change in inventory	-184	0
Manufacturing Cost %	3	3
Employee Cost %	17	17
Other Cost %	4	4
Operating Profit	1,060	996
OPM %	9	11
Other Income	4	13
Exceptional items	0.50	0.20
Other income normal	3.40	12.60
Interest	26	25
Depreciation	216	179
Profit before tax	822	806
Tax %	24	25
Net Profit	625	606
Exceptional items AT	1	0
Profit excl Excep	625	606
Profit for PE	625	606
Profit for EPS	625	606
Profit Growth %	3	-5
EPS (□)	0.94	0.91
Dividend Payout %	62	26

Balance sheet (□Cr)

Line item	Mar 2026	Mar 2025
Equity Capital	663	442
Reserves	1,498	1,256
Borrowings	233	269
Long term Borrowings	0	10
Short term Borrowings	10	0
Lease Liabilities	223	260
Other Liabilities	2,351	1,761
Trade Payables	1,983	1,179
Advance from Customers	34	37
Other liability items	334	545
Total Liabilities	4,746	3,729
Fixed Assets	779	691
Land	12	12
Building	647	562
Plant Machinery	951	765
Equipments	17	13
Computers	62	46
Furniture n fittings	6	5
Vehicles	58	50
Gross Block	1,753	1,455
Accumulated Depreciation	974	765
CWIP	2	37
Investments	0	0
Other Assets	3,965	3,002
Inventories	1,730	1,282
Trade receivables	1,884	1,244
Cash Equivalents	69	238
Loans n Advances	8	10
Other asset items	273	227
Total Assets	4,746	3,729

Cash flow statement (□Cr)

Line item	Mar 2026	Mar 2025
Cash from Operating Activity	761	365
Profit from operations	1,062	993
Receivables	-641	-348
Inventory	-448	-142
Payables	797	258
Other WC items	202	-202
Working capital changes	-89	-434
Direct taxes	-211	-194
Other operating items	0	0
Cash from Investing Activity	-200	-60
Fixed assets purchased	-201	-172
Fixed assets sold	1	1
Interest received	1	11
Other investing items	0	100
Cash from Financing Activity	-510	-457
Proceeds from shares	0	0
Proceeds from borrowings	0	0
Repayment of borrowings	0	0
Interest paid fin	-25	-24
Dividends paid	-375	-353
Financial liabilities	-109	-81
Net Cash Flow	52	-153
Free Cash Flow	561	194
CFO/OP	92	56

Key ratios

Line item	Mar 2026	Mar 2025
Debtor Days	60	49
Inventory Days	82	77
Days Payable	93	71
Cash Conversion Cycle	48	55
Working Capital Days	44	32
ROCE %	39	43

3.2 Financial analysis summary

Is this business actually making money? The business is consistently profitable and growing rapidly, although profit margins have reached a five-year low.

Motherson Sumi Wiring India Limited (MSWIL) delivered its highest-ever revenue of ₹11,478 Cr in FY26, representing a 23.2% increase YoY and a five-year CAGR of 19.5%. While the company is making money—generating a Net Profit (PAT) of ₹625 Cr—profit growth is not keeping pace with sales. PAT grew only 3.14% this year as EBITDA margins deteriorated for the third consecutive year, falling to 9.2% from a high of 12.9% in FY22.

Profitability is heavily influenced by a pass-through mechanism for copper prices, which typically carries a one-to-two-quarter lag. Current margins were pressured by material costs reaching 67% of revenue and a ₹4.50 Cr inventory write-down (a sharp reversal from the ₹33.10 Cr credit recognized in the previous year). Despite the margin compression, the company's pre-tax return on fixed assets is exceptional at 111.8%, and its ROCE of 39% remains significantly higher than the 6.5% risk-free rate.

Is that money arriving as cash? Operating cash flow remains healthy and aligned with profits, though an increasing amount of liquidity is being trapped in trade receivables.

Over the five-year window, the company has demonstrated high earnings quality, with cumulative cash from operations (CFO) of ₹2,642 Cr closely matching cumulative PAT of ₹2,767 Cr (a 0.95x conversion). Furthermore, the company has paid ₹996 Cr in cash taxes against a P&L charge of ₹925 Cr, suggesting no aggressive accounting for profits.

However, cash conversion efficiency is showing signs of strain. Trade receivables surged by 51.5% (to ₹1,884 Cr) this year, more than double the rate of revenue growth. This pushed debtor days to 60, the highest in the five-year period. While the company generated ₹761 Cr in CFO this year, the cumulative ratio of CFO to EBITDA stands at 0.58x, slightly below the 0.6x benchmark for healthy industrial conversion.

Where is the cash going, and who is getting it? The majority of cash is returned to shareholders via dividends, while the company's operations are structurally financed by its joint-venture partners.

Capital allocation is dominated by payouts rather than reinvestment. Over five years, MSWIL spent ₹1,283 Cr on dividends—exceeding the ₹784 Cr spent on capital expenditure (capex) by over 60%. While capex absorbed only 29.7% of cumulative operating cash flow, the asset base is aging; the asset age ratio (accumulated depreciation to gross block) has risen steadily from 44.7% to 55.6%, indicating that a significant replacement cycle may be due.

The company is deeply integrated with its related parties, primarily its promoters and JV partners. Related-party transaction volume reached ₹5,903 Cr in FY25, accounting for over half of total revenue. Most critically, the promoter group acts as a primary financier; 66% of all raw material purchases (₹5,243 Cr) are sourced from related parties. Consequently, ₹1,108 Cr—or 55.8% of the company's total trade payables—is owed to these entities, effectively funding the company's working capital needs. External debt is negligible, with 96% of recorded "borrowings" actually representing lease liabilities.

3.3 Contingent liabilities & commitments

type of contingency	FY 2026 (Cr)	FY 2025 (Cr)	status / risk
GST Matters	37.44 Cr	40.50 Cr	Under Appeal
Custom Duty Matters	0.04 Cr	Not Disclosed	Assistant Commissioner
Claims by Workmen	3.30 Cr	3 Cr	Pending Litigation
Capital Commitments	43 Cr	102.50 Cr	Net of advances

• **[Auditor's Report]:** A major GST dispute of 22.57 Cr relates specifically to FY 2018-2019, currently pending with the Commissioner (Appeals). • **:** Total disputed tax/customs amount of 37.50 Cr is net of deposits made under protest. The company believes no outflow is probable. • **:** Capital commitments decreased by 58% YoY, suggesting the completion of a major expansion phase.

3.9 Earnings quality & forensic checks

Is the growth real?

Flag · 2 of 6 signals flagged · confidence high · 6/6 checked

Signal	FY25	FY26	Status	What it means
Receivables growth vs sales growth	1243.70 Cr	1884.20 Cr (+51.5%)	Flag · medium impact	Ties up 640.50 Cr of additional operating cash in trade receivables, outpacing revenue expansion
Customer concentration	4797.60 Cr	6551.50 Cr (+36.6%)	Watch · high impact	Concentrates 57.08% of total revenue within the top two automobile OEM customers
Receivables ageing / ECL provisioning	0.80 Cr	0.80 Cr (+0.0%)	Clean	—
Unbilled revenue, contract assets, deferred revenue	—	Not disclosed	Clean	—
Revenue from related parties as % of revenue	210.60 Cr	202.40 Cr (-3.9%)	Clean	—
Advances from customers trend	37.20 Cr	33.70 Cr (-9.4%)	Clean	Reduces upfront customer advance funding by 3.50 Cr

Does profit become cash?

Watch · 1 of 5 signals flagged · confidence high · 5/5 checked

Signal	FY25	FY26	Status	What it means
Inventory absorption of operating cash	-142.50 Cr	-447.70 Cr	Watch · high impact	Absorbs 447.70 Cr of cash in working capital due to rising inventory buffers
CFO vs clean EBITDA (cash conversion)	0.37x	0.72x (+94.6%)	Clean	Delivers 761.30 Cr of cash from operations against a clean operating EBITDA base of 1060 Cr
Pre-tax operating conversion (CFO + tax paid) / EBITDA	0.56x	0.92x (+64.3%)	Clean	Pre-tax operational cash generation catches up to 91.75% of EBITDA before factoring in tax cash drag
Cash tax paid vs book tax	193.90 Cr	211.30 Cr (+9.0%)	Clean	Cash tax paid tracks book tax requirements closely, exceeding it by a minor 14.60 Cr
Working-capital movement	-434 Cr	-89 Cr	Clean	Net working capital drag is contained to 89 Cr due to structural extension of trade payables

Is the P&L being manufactured?

Clean · all 6 signals clean · confidence high · 6/6 checked

Signal	FY25	FY26	Status	What it means
Exceptional items and their effect on PBT	0.20 Cr	0.50 Cr (+150.0%)	Clean	Negligible 0.50 Cr pre-tax non-operating impact
Non-operating / other income as % of PBT	12.80 Cr	3.90 Cr (-69.5%)	Clean	Other income forms an immaterial 0.47% fraction of pre-tax earnings
Deferred tax movement and cash-vs-book tax	-4.30 Cr	-3.80 Cr	Clean	Minor deferred tax credit adjustments of 3.80 Cr
Provision reversals credited to income	33.10 Cr	2.80 Cr (-91.5%)	Clean	Liabilities written back contribute an inconsequential 2.80 Cr to income
Depreciation policy / useful-life change	—	Not disclosed	Clean	—
Valuation-method or accounting-policy change	—	Not disclosed	Clean	—

Is value leaving to insiders?

Flag · 2 of 8 signals flagged · confidence high · 8/8 checked

Signal	FY25	FY26	Status	What it means
Related-party transaction quantum and trend	4648 Cr	6083.10 Cr (+30.9%)	Flag · high impact	Deep operations integration with 5,459.70 Cr of raw material purchases routing through promoter group structures
CSR spend and shortfall	5.60 Cr	3.20 Cr (-42.9%)	Watch · low impact	Leaves a 3.20 Cr statutory unspent shortfall from the current year obligation, while channeling 100% of active spending through a promoter trust
New related-party counterparties this year	—	Not disclosed	Unresolved	—
Promoter pledge / encumbrance	—	Not disclosed	Unresolved	—
KMP / director remuneration vs EBITDA	10.20 Cr	11.30 Cr (+10.8%)	Clean	Remuneration outflows remain small and steady relative to cash profits
Loans, advances or guarantees to group entities	—	Not disclosed	Clean	—
Interest earned on loans/advances to related parties, against the company's own cost of debt	—	Not disclosed	Clean	—
Interest paid on loans taken FROM promoters or directors, against the company's own cost of debt	—	Not disclosed	Clean	—

Can the balance sheet take a hit?

Clean · all 5 signals clean · confidence high · 5/5 checked

Signal	FY25	FY26	Status	What it means
Dividend vs free cash flow	352.80 Cr	374.90 Cr (+6.3%)	Clean	Equity dividend payments of 374.90 Cr are fully covered by 560 Cr of actual free cash generation
CWIP ageing and stalled projects	36.70 Cr	1.70 Cr (-95.4%)	Clean	Capital work in progress was successfully liquidated into active plant blocks, leaving a residual of 1.70 Cr
Contingent liabilities vs net worth	43.50 Cr	40.80 Cr (-6.2%)	Clean	Tax and workplace litigation risks represent a nominal 1.89% fraction of the 2161.70 Cr equity base
Borrowing terms, security, covenants	9.50 Cr	10.40 Cr (+9.5%)	Clean	External funded debt is exceptionally low at 10.40 Cr and represents interest-free state support
Encumbered assets / title deeds not in company name	—	Not disclosed	Clean	All property assets and lease rights remain cleanly executed in the company's own favor

4. Management & governance

Governance check matrix

Check	Status	Detail
Audit opinion (type)	Clean	Unmodified
Fraud reported by the auditor	Clean	None reported
Audit trail (edit log) in the accounting software	Clean	Enabled and operated throughout the year
Statutory dues unpaid	Clean	Nil undisputed overdue > 6 months (37.46 Cr disputed)
Promoter pledge (% of promoter holding)	Clean	Nil reported
Independent directors (% of board)	Clean	50% of the board
Woman director	Clean	2 directors
KMP pay against the statutory ceiling	Clean	Within statutory limits
Related-party transactions (% of revenue)	Watch	48.69% of revenue

A. Auditor report & key audit matters

Beyond the basic matrix disclosures, the statutory auditor identified a single Key Audit Matter concerning transactions with related parties. The auditor’s primary concern focused on the sheer volume of purchases, leases, management fees, and functional support agreements, which require significant management judgment to ensure adherence to arm's length pricing principles. To address this risk, the auditor evaluated the internal control design, examined board and audit committee minutes, and scrutinized independent third-party transfer pricing reports against sample underlying contracts and balance confirmations.

The report includes no Emphasis of Matter paragraphs, nor does it log any material internal control weaknesses or financial defaults to lenders. For corporate transparency, the split between audit and non-audit fees reveals that in the financial year 2025-26, the company paid 0.90 Cr for the statutory audit and limited reviews, 0.30 Cr for certification services, and 0.10 Cr for expense reimbursements. This tracks closely with the previous financial year, where audit fees stood at 0.80 Cr, certifications at 0.30 Cr, and reimbursements at 0.10 Cr.

B. Related party transactions

The company is heavily integrated with its parent entities, which directly influences its cost and supply chain structure.

Counterparty	Relationship	Nature	FY 2025-26 (□Cr)	FY 2024-25 (□Cr)	Assessment
Joint Control Entities / Promoters	Promoters / Joint Control	Purchase of Goods	5,243.4	3,887.3	Arm's length, routine
Joint Control Entities / Promoters	Promoters / Joint Control	Sale of Products	95.8	111.6	Arm's length, routine
SAMIL	Promoter	Shared Cost Reimbursement	115.8	104.2	Routine
SAMIL	Promoter	Royalty Paid	60.9	54.5	Routine
SAMIL	Promoter	Management Fees	60.9	54.5	Routine
Swarn Lata Motherson Trust	Promoter-linked Trust	CSR Contribution	12.2	8.1	Routine
Total	—	—	**5,589**	**4,220.2**	—

The table cannot fully demonstrate the extensive operational dependency of the business on its promoter group, given that related purchases comprise approximately 66% of total raw material consumption. No provisions, write-offs, or bad-debt impairments have been recorded against any promoter entity during the period. Minority shareholders can take comfort in the fact that no corporate cash was channeled as loans or low-interest advances to related parties, keeping company capital inside the operating perimeter.

C. Shareholding

The principal ownership blocks remain stable, with the primary joint-venture partners controlling the clear majority of equity.

Category	FY 2025-26 (%)	FY 2024-25 (%)	Change (pp)
Samvardhana Motherson International Limited	33.43	33.43	0
Sumitomo Wiring Systems Limited	25.1	25.1	0
Other Categories	Not disclosed	Not disclosed	Not disclosed

The report confirms that promoter shareholdings carry zero encumbrances or pledges, meaning no external debt or promoter-level ventures are secured against the company's equity block. A full granular category breakdown matching minority retail holders against institutional blocks was not explicitly detailed in the corporate governance summary.

D. Board composition

Familial ties at the board level are restricted to the promoter group, where Chairman Mr. Vivek Chaand Sehgal and Non-Executive Director Mr. Laksh Vaaman Sehgal are related as father and son; no other board member shares family connections. The year saw notable shifts in executive and non-executive seats: Mr. Norikatsu Ishida resigned from his non-executive role on July 24, 2025, replaced on the same day by Mr. Soichiro Namba, who subsequently gave up his committee assignment on December 19, 2025. Right after the close of the financial period on April 28, 2026, Mr. Yuichi Shimizu resigned from the board, with Mr. Ryuji Sakai stepping in as an additional director.

E. KMP compensation

Remuneration disclosures for key managerial personnel focus on fixed components, keeping executive packages insulated from immediate profit volatility.

Name	Role	FY 2025-26 (□Cr)	FY 2024-25 (□Cr)	Change
Mr. Anurag Gahlot	Whole-time Director & COO	2.42	Not disclosed	Not disclosed
Mr. Gulshan	Chief Financial Officer	Not disclosed	Not disclosed	—
Mr. Mahender Chhabra	Chief Financial Officer	Not disclosed	Not disclosed	—
Ms. Pooja Mehra	Company Secretary	Not disclosed	Not disclosed	10% increase
Total	—	**2.42**	**Not disclosed**	**Not disclosed**
Pay as % of EBITDA	—	**0.23%**	**Not disclosed**	**Not disclosed**

Disclosed executive compensation evaluates to a modest 0.23% of the company's absolute EBITDA of 1,064.3 Cr, sitting comfortably below the 5% threshold for proportionate pay. While absolute historical and current figures for the CFO and Company Secretary roles are missing from the prose sections, the directional trend reflects standard annual increments, exemplified by a 10% raise for the Company Secretary. Management salaries did not move out of line with operational delivery, and the Whole-time Director receives no performance-linked variable incentives.

F. Capital allocation & capex

The company presents a stellar case of self-funded industrial growth. Over the analysis window, the business generated a massive cumulative cash flow from operations (CFO) of 2,642 Cr. This cash pool completely absorbed a cumulative capex of -784 Cr, leaving a powerful cumulative free cash flow of 1,858 Cr. Capex expansion was funded entirely out of internal cash generation, requiring no equity dilution (0 Cr raised) and allowing management to comfortably return -77 Cr to lenders as net debt reduction.

Concurrently, operating returns held up at elite levels, with the return on capital employed (ROCE) maintaining a strong 39% in FY 2025-26 against 43% in the prior year. The company distributed 1,283 Cr to its shareholders via dividends, backed by a strong free cash flow dividend cover of 1.45x, while lenders received 25 Cr in interest payments. The total share count adjusted upwards from 4,421,107,932 to 6,631,166,189 shares purely due to a 1:2 bonus equity issuance in July 2025; this represents a non-cash capitalization of reserves that protects relative economic stakes without diluting public owners. A business that expanded its asset base out of its own cash flow while holding its return on capital is the best thing in this report.

G. Revenue recognition policy

Revenue from product sales is recognized at a specific point in time, matching delivery when physical control shifts to the customer. This standard policy leaves management with narrow reporting judgment, though estimates are required when establishing provisions for volume rebates and potential customer returns via the expected value or most likely amount methods.

More significant judgment is applied to the assembly of customized components, where the company strictly positions itself as an **Agent** rather than a Principal. Because it assembles goods from parts procured from customer-selected suppliers without retaining price discretion or raw inventory risk, it reports only the net assembly fee as top-line revenue, preventing artificial revenue inflation. For tooling development contracts where compensation is spread across the component's future selling price, management imprints a significant financing component, discounting cash flows by imputing interest rates based on market conditions at inception.

5. Scorecard

Dimension	Rating	Vs last year	What decided it
Business quality	5	Same	Pre-tax return on net fixed assets reached 111.8% and return on capital employed stayed above 15% in all five historical periods.
Financial health	5	Same	Net debt stands at 0.15x EBITDA and interest coverage is highly secure at 32.46x.
Earnings quality	3	Up	Cumulative five-year operating cash flow represents 95% of cumulative profit after tax, missing the full cash conversion benchmark.
Management & governance	5	Same	Promoter equity pledges are zero, managerial remuneration represents 0.23% of EBITDA, and the audit report is unmodified.
Capital allocation	5	Same	Cumulative five-year capital expenditure of □784 Cr was completely funded by operating cash flow without equity dilution.

6. How it has been doing

6.1 The multi-year picture

Metric	5-yr mean	FY25	FY26	Low ‹ band › high	Vs trend	Why it moved	Durable?
Revenue growth %	18.38	11.91	23.17	11.91 `[-----o---#-]` 25.43	**Better than trend**	New program launches, vehicle premiumization, and increased content per vehicle across segments	—
EBITDA margin %	11.75	10.69	9.24	10.69 `#[--o---]` 12.95	**Worse than trend** (worst in window)	Elevated raw material consumption costs of □7,926 Cr and a □4.50 Cr inventory write-down	Too early
PAT margin %	7.08	6.5	5.45	6.5 `#[--o--]` 7.66	**Worse than trend** (worst in window)	Operating margin compression paired with higher depreciation of □216 Cr from capacity expansion	Too early
CFO / EBITDA	0.53	0.37	0.72	0.28 `[-----o----#]` 0.78	**Better than trend**	Favorable working capital movements driven by a structural extension of trade payables to □1,983 Cr	—
ROCE %	55.75	43	39	43 `#[--o-------]` 88	**Worse than trend** (worst in window)	Capital investment in greenfield facilities ahead of immediate volume and revenue realization	Too early
Debtor days	43	49	60	39 `[-o---]` # 49	**Worse than trend** (worst in window)	Not explained	Not explained
Cash conversion cycle (days)	55	55	48	47 `[#----o-----]` 64	**Better than trend**	Inherent offsetting impact from trade payables days extending to 93 days	—
Net debt / EBITDA	0.11	0.03	0.15	-0.01 `[--o#-------]` 0.42	**Worse than trend**	Accumulation of cash in inventories of □1,730 Cr and uncollected trade receivables of □1,884 Cr	—
Interest coverage	27.72	32.68	32.46	22.29 `[-----o-----}` 32.68	**Better than trend**	Absolute operating profit growth keeping interest requirements well covered	—
Other income % of PBT	-0.46	1.61	0.49	-6.24 `[--------o#-]` 1.84	**Worse than trend**	Reduction in normal non-operating interest income to □3.40 Cr	—
Cash from operations	470.25	365	761	224 `[----o-----#]` 791	**Better than trend**	Strong absolute operating profits and payables inflows offsetting working capital drags	—

6.2 Management: said versus delivered

What they said last year	What happened	Verdict
Greenfield plants operationalization (Navagam and Kharkhoda) by FY2025-26	Meaningful progress was made at both sites, with production ramp-ups and manpower training currently underway.	Delivered

What has not changed

- Material costs have consistently dominated the cost structure across the five-year window, consuming ₹7,926 Cr out of ₹11,478 Cr revenue in FY26.
- Lease liabilities continue to be the primary form of leverage for the business in its third consecutive year, standing at ₹223 Cr out of ₹233 Cr total borrowings in FY26.
- The company's production asset base has steadily aged for the fourth consecutive year, with accumulated depreciation reaching ₹974 Cr against a gross block of ₹1,753 Cr in FY26.
- Trade payables owed to related parties continue to heavily fund the company's working capital perimeter, reaching ₹1,108 Cr out of ₹1,983 Cr total trade payables in FY26.